

Message Text

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ACTION EUR-12

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SUBJECT: UNCTAD SECRETARY GENERAL COREA'S ADDRESS TO
OECD COUNCIL

REF: STATE 88268

1. SUMMARY: UNCTAD SEC GEN COREA ADDRESSED COUNCIL AND ANSWERED QUESTIONS APRIL 13 ON UNCTAD IV. HIS PRESENTATION WAS RELAXED AND INFORMAL AND COVERED FAMILIAR GROUND. WHILE INDICATING HIS EXPECTATIONS REGARDING ALL NAIROBI AGENDA ITEMS, HE PLACED PARTICULAR EMPHASIS ON IMPORTANCE OF CONCRETE ACCOMPLISHMENTS IN FIELDS OF (A) COMMODITIES (DECISION TO LAUNCH SERIES OF NEGOTIATIONS ON SPECIFIC COMMODITIES WITHIN AN ESTABLISHED TIME FRAME AND TO BEGIN NEGOTIATIONS TOWARD A COMMON FUND); (B) DEBT (MORATORIUM OR FORGIVENESS OF ODA DEBT OF POOREST COUNTRIES, FACILITY TO ENABLE BETTER-OFF LDC'S TO REFINANCE COMMERCIAL DEBT, DECISION TO CONVENE DEBT CONFERENCE TO CONSIDER BROAD PRINCIPLES TO DEAL WITH UNCLASSIFIED

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LDC DEBT PROBLEMS); AND (C) REFORM OF UNCTAD (TRANS-

FORMATION INTO FORUM FOR ON-GOING NEGOTIATION OF IMPORTANT NORTH/SOUTH ECONOMIC ISSUES). COREA AVOIDED GETTING INTO DETAILS OF UNCTAD PROPOSALS AND GLIDED OVER PROBLEM AREAS. END SUMMARY.

2. COREA BEGAN HIS PRESENTATION BY EMPHASIZING THE IMPORTANCE OF CONCRETE ACCOMPLISHMENTS AT UNCTAD IV, SAYING CONFERENCE WILL BE SIGNIFICANT POLITICAL AND ECONOMIC EVENT IN ON-GOING NORTH/SOUTH DIALOGUE AND AN OPPORTUNITY FOR CARRYING OUT 7TH SPECIAL SESSION RESOLUTIONS. HE NOTED RELATIONSHIP BETWEEN CIEC AND UNCTAD IV AND SAID THAT HE HOPED APRIL CIEC SESSION WOULD HELP PREPARE FOR DECISIONS IN NAIROBI. STATED HE FELT UNCTAD SECRETARIAT HAD PUT FORWARD WORKABLE PROPOSALS WHICH SHOULD BE ACTED UPON IN NAIROBI. THESE HE DIVIDED INTO MEASURES IN AREAS AFFECTING LONGER-TERM ECONOMIC RELATIONSHIPS AND MEASURES WITH MORE IMMEDIATE IMPACT. COREA PUSHED CONCEPT OF MAKING SPECIFIC DECISIONS AT UNCTAD IV WHICH WOULD BE FOLLOWED BY NEGOTIATIONS AS NORTH/SOUTH DIALOGUE CONTINUES.

3. COREA OUTLINED HIS GENERAL EXPECTATIONS IN AREAS OF LONGER-TERM INTEREST, IN WHICH, HE SAID, CONFLICTS NEED NOT ARISE; HOWEVER, HE DID NOT DISCUSS THESE PROPOSALS IN DETAIL. AREAS NOTED WERE:

A. TRADE IN MANUFACTURES: SAYING THERE WAS NO DESIRE TO SET UP NEGOTIATIONS PARALLEL TO MTN, COREA STRESSED NECESSITY OF EXAMINING LONG-TERM TRADE RELATIONSHIPS WITH LESS EMPHASIS ON MARKET ACCESS ISSUES AND MORE ON SUPPLY PROBLEMS.

B. TRANSFER OF TECHNOLOGY: COREA SAID HE HOPED FOR AGREEMENT ON PROGRAM TO HELP LDC'S DEVELOP OWN TECHNOLOGY, ENDORSEMENT OF WORK TO REVISE PATENT SYSTEM, AND A DECISION ON STATUS WHICH A CODE OF CONDUCT SHOULD HAVE.

C. MONEY AND FINANCE: CLAIMING REFORM EFFORTS, WHICH MUST BE CENTERED IN IMF, HAD LOST MOMENTUM, COREA UNCLASSIFIED

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CALLED FOR UNCTAD IV TO GIVE FURTHER IMPETUS (UNSPECIFIED) TO SHAPING INTERNATIONAL MONETARY FRAMEWORK TO NEEDS OF WORLD ECONOMY AND DEVELOPMENT PROCESS.

D. TRADE RELATIONS WITH SOCIALIST COUNTRIES: ONLY POSSIBILITY COREA MENTIONED WAS QUOTE TRIPARTITE ARRANGEMENTS UNQUOTE AMONG OECD, LDC AND SOCIALIST COUNTRIES.

E. COOPERATION AMONG LDC'S: HE CALLED FOR CONFERENCE TO IDENTIFY AREAS IN WHICH LDC'S THEMSELVES MUST CONCENTRATE THEIR ATTENTION.

F. LLDC'S LANDLOCKED AND ISLAND LDC'S: COREA MENTIONED THIS ITEM BUT WITHOUT SPECIFYING MEASURES WHICH MIGHT BE ADOPTED TO ASSIST THESE COUNTRIES.

4. COREA WAS MORE SPECIFIC ABOUT MEASURES WHICH WOULD

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HAVE MORE IMMEDIATE IMPACT. HE REPEATED THEME THAT TIME WAS RIPE FOR ACTION IN COMMODITIES FIELD, NOTING INTEGRATED PROGRAM HAD BEEN UNDER DISCUSSION FOR 18 MONTHS. COREA STRESSED IMPORTANCE OF AVOIDING AN "INTENSIVE CONSULTATIONS" KIND OF OUTCOME AT NAIROBI, SAYING IT WAS ESSENTIAL TO EMBED THE COMMODITY-BY-COMMODITY APPROACH IN A FRAMEWORK LIKE THE INTEGRATED PROGRAM TO REFLECT THE POLITICAL WILL TO TAKE ACTION. ON SIZE OF

COMMON FUND, COREA GAVE LATEST UNCTAD SECRETARIAT ESTIMATES OF \$6 BILLION FOR 10 COMMODITIES, OF WHICH HALF WOULD BE ON-CALL. OF \$3 BILLION NEEDED IMMEDIATELY, ONE BILLION WOULD BE SUBSCRIBED BY GOVERNMENTS AND \$2 BILLION BORROWED. HE SUGGESTED HOWEVER THAT ONLY 5 COMMODITIES WERE REALLY ELIGIBLE FOR STOCKING IN NEAR TERM AND THUS COST COULD BE WELL BELOW THESE ESTIMATES. ROLE OF FUND WAS PRIMARILY TO PROVIDE BUFFER STOCK FINANCING TO EXISTING COMMODITY BODIES, ALTHOUGH EXCEPTIONALLY THE FUND MIGHT ITSELF INTERVENE

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TO PURCHASE STOCKS IN CRITICAL SITUATIONS WHERE NO AGREEMENT HAD BEEN NEGOTIATED. WHETHER FUND WOULD ASSUME OTHER FUNCTIONS, SUCH AS FINANCING DIVERSIFICATION, EXPANDED PRODUCTION, OR EARNINGS SHORTFALLS, WAS UP TO GOVERNMENTS INVOLVED, ALTHOUGH HE THOUGHT THIS SHOULD BE CONSIDERED ONLY AFTER MAIN PURPOSE, STOCK FINANCING, WAS FIRMLY ESTABLISHED. FUND WOULD ALSO HAVE A "CATALYTIC" ROLE IN SOLVING COMMODITY PROBLEMS, PRIMARILY BY MAKING IT EASIER TO AGREE ON PRICE RANGES IN INDIVIDUAL COMMODITY AGREEMENTS, SINCE FINANCING COULD BE ENSURED. COREA SAW FUND AS BEING NEGOTIATED WITHIN UNCTAD, ALTHOUGH HE COULD ENVISION IT HAVING AN INDEPENDENT STATUS ONCE NEGOTIATED. IN SUMMING UP, COREA CALLED FOR TWO-PRONGED DECISION AT UNCTAD IV (A) TO LAUNCH SERIES OF NEGOTIATIONS ON SPECIFIC COMMODITIES AIMED AT STABILIZING PRICES, SETTING A TIME FRAME FOR THESE NEGOTIATIONS AND ESTABLISHING MONITORING MACHINERY WITHIN UNCTAD; AND (B) TO AGREE ON THE COMMON FUND IN PRINCIPLE AND LAUNCH NEGOTIATIONS ON THE DETAILS OF ITS ESTABLISHMENT.

5. COREA STRESSED THAT NAIROBI SHOULD COME TO CONCLUSIONS ON APPROACH TO DEBT PROBLEMS AND NOTED THREE WELL-KNOWN UNCTAD SUGGESTIONS WHICH HE DESCRIBED AS ILLUSTRATIVE (A) MORATORIUM OR FORGIVENESS OF ODA DEBT OF POOREST MSA'S TO HELP THEM MEET B/P FINANCING DIFFICULTIES; (B) FACILITY TO ENABLE BETTER-OFF LDC'S TO REFINANCE COMMERCIAL DEBT; AND (C) DECISION TO CONVENE DEBT CONFERENCE. COREA'S CONCEPT OF CONFERENCE (WHICH HE SAID WAS NOT ORIGINALLY UNCTAD IDEA) IS THAT IT SHOULD ELABORATE BROAD GUIDELINES OR PRINCIPLES ON HOW INTERNATIONAL COMMUNITY SHOULD DEAL WITH DEBT PROBLEMS WHEN THEY ARISE.

6. COREA EXPECTEDLY STRESSED IMPORTANCE OF UNCTAD IV ELABORATING RECOMMENDATIONS TO TRANSFORM UNCTAD INTO AN ACTION-ORIENTED ORGANIZATION FOR ON-GOING NEGOTIATIONS OF NORTH/SOUTH ECONOMIC ISSUES WHILE, AT THE SAME TIME, MAINTAINING ITS ROLE AS THE GENERATOR OF NEW APPROACHES TO SOLVING DEVELOPMENT PROBLEMS. HE COULD GIVE NO DETAILS BUT SAID THAT CHANGES CONTEMPLATED ARE NOT AS FAR-REACH-

ING AS PROPOSAL TO ESTABLISH CTO AND THAT SECRETARIAT
HOPED TO ISSUE PROPOSALS FOR
CONSIDERATION PRIOR TO BEGINNING OF CONFERENCE.
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